

Pittsburgh Ballet Theatre
Meeting of the Board of Trustees
Tuesday, December 10, 2019
12:00 - 1:30 p.m.
PBT Studios

Board of Trustees in Attendance: Philip Barr, The Hon. Camera Bartolotta, Geoffrey Bond, Steffie Bozic, Beth Brown, Barbara Cottrell, Susan Cruz, Debra Dermody, Dawn Fleischner, Dona Hotopp, Doug Kreps, Dena LaMar, Mary McKinney Flaherty, Peggy McKnight, LeRoy Metz, Kathleen Miclot, Melonie Nance, Rennick Remley (with The Hon. Camera Bartolotta), Stephanie Sciuillo, Shelley Taylor, Betsy Teti, Winthrop Watson

Board of Trustees Not in Attendance: Edwin Beachler, Rich Beaty, Kara Brown, Carolyn Byham, Sean Cassidy, Connie Cesario, The Hon. Jay Costa, Jim Crockard, Mary Finger, Freddie Fu, Celia Gerard, David Hall, Michael LaRocco, The Hon. Natalie Mihalek, Sandra Nicholas, Richard Rauh, The Hon. Guy Reschenthaler, Lisa Saperstein, Vincent Silvaggio, Ayana Teter, Becky Torbin, David Tuthill, Hilary Tyson, Joseph Vincent, Vonda Wright

PBT Staff in Attendance: Harris Ferris, Kathryn Giger, Jay Romano, Christy Rowing, Tanaz Walendziewicz

Call to Order, Welcome, Approval of October 8, 2019 Minutes, Chair's Remarks:
Dawn called the meeting to order at 12:30 p.m.

Trustees had lunch from 12:00 - 12:30 p.m.

Approval of September 10, 2019 Board of Trustees Meeting Minutes:

Mary McKinney Flaherty made the motion, second by Debra Dermody to approve the October 8, 2019 Board of Trustees meeting minutes. Passed.

Dawn Fleischner thanked Kathleen Miclot and Hal and Diane Waldman for chairing the Pointe in Time Gala, which was very successful. Ms. Fleischner also welcomed Phil Barr, Senator Camera Bartolotta and Rennick Remley to the meeting.

Governance Report:

Kathleen Miclot gave the Governance Report.

The Governance Committee recommends three Board of Trustees nominees for approval - Stephanie Sciuillo who is in attendance, Kara Brown and Representative Natalie Mihalek. Their bios are included in the packet of materials for review. Ms. Miclot stated they each come highly recommended and will be wonderful additions to PBT's Board.

Approval of Stephanie Sciuillo, Kara Brown and Representative Natalie Mihalek:
Debra Dermody made the motion, second by Dona Hotopp to approve Stephanie Sciuillo, Kara Brown and Representative Natalie Mihalek to PBT's Board of Trustees. Passed.

Artistic Director Report:

Terrence S. Orr gave the Artistic Director Report.

The agenda was slightly shifted as Mr. Orr had to go to rehearsals for *The Nutcracker*. Last Friday, Dec. 6, PBT held the opening performance of *The Nutcracker*. Between technical rehearsals and the performances last weekend, the Company has already performed *The Nutcracker* ten times.

The Company is doing really well for the most part. A few dancers have been sick and two are still injured. One of the injured dancers will be getting back on stage during *The Nutcracker*. Gabby Thurlow got back on stage during *The Nutcracker* after giving birth to a baby girl.

Nov. 30, 2019 Financials and Cashflow:

Doug Kreps gave the Nov. 30, 2019 Financials and Cashflow Report.

At the last Board of Trustees meeting in October, Mr. Kreps stated PBT was in a cash crunch, which PBT survived. Monies from *The Nutcracker* single ticket sales are being released so Mr. Kreps is happy to announce PBT is in good shape.

Statement of Financial Position -

Mr. Kreps stated cash is in good shape. PBT's Endowment is up about 1.5% in November. On a side note, Mr. Kreps is attending PNC's investment presentation and will get a better understanding of the next year. Of the \$317,500 listed under accounts payable, PBT has paid \$100,000 in Westin expenses for the Pointe In Time Gala. The \$746,000 listed under deferred revenue is comprised primarily of 2019-20 subscription revenue as well as approximately \$100K in *Nutcracker* ticket sales.

Statement of Activities -

Mr. Kreps highlighted PBT's statement of activities, which is a snapshot of where PBT has been this year. Mr. Kreps stated the gala is at least \$24K ahead of goal and possibly more. The development department is working to track down a few more pledges. The Community Youth Scholarship appeal held that evening was extremely successful with \$135K raised. The appeal dramatically exceeded expectations. Subscriptions are short by \$46,500, which will not change by much. The marketing department is working to advertise and promote 3 series subscriptions to attract subscribers for the three remaining programs. Single tickets are tracking ahead of schedule for *Beauty and the Beast*. There is \$75K listed under general admin, which is for the Artistic Director search.

Statement of Cashflow -

As mentioned earlier, PBT was concerned regarding cash last month but the organization got through. Trustees may recall that PBT has a responsibility to The Heinz Endowments to maintain \$500K in a bank account for thirty days. PBT will do this starting Monday, Dec. 16.

2018-19 Audit Report:

Jay Romano gave the 2018-19 Audit Report on behalf of Jim Crockard, Audit Committee Chair.

Jim Crockard was not able to attend today's meeting but submitted a written audit report. Jay Romano addressed questions on behalf of Mr. Crockard.

The most notable change was in the financial reporting itself. PBT had to work with auditors to restructure the reporting to match with prior year's formatting in order to compare year over years changes in net assets from operations, which Mr. Romano was able to do. The good news is there is \$591K in positive change in net assets from operations, making 2018-19 a banner year financially. This result was planned in tandem capital investments in sets ie. *The Great Gatsby*. In addition to that, the auditors discussed a few IT issues that PBT will continue to address with Markus Weber from MSA and The Cultural Trust regarding Tessitura safety. A few issues regarding accrued vacation were brought up and the auditors made recommendations. There were no problems with management at all. The Audit Committee reviewed this in full detail twice to get the audit into the format in front of you. The Finance Committee also reviewed it.

Approval of 2018-19 Audit and 990 Tax Return :

Winthrop Watson made the motion, second by Susan Cruz to approve the 2018-19 audit and 990 tax return. Passed.

PBT will send a link to the Board of the 990 tax return so everyone can view the public disclosure version.

Dawn Fleischner extended gratitude to Jay Romano due to a lot of extra work that went into this year's audit.

Ms. Fleischner also highlighted page six in the report. PBT is required to report functional expenses broken down by departments. This is a really good barometer of an organization.

Marketing Report:

Tanaz Walendziewicz gave the Marketing Report.

Sales for *The Nutcracker* are trending lower than last year, which was a boom year for Nutcracker nationally due to the Misty Copeland movie. PBT is tracking to reach the current year budget with 19 performances remaining. Ballet company marketing directors across the nation are also experiencing sales in line with 2017. PBT is promoting a few flash promotions this week to stimulate ticket sales. PBT will also promote a flex pass for subscriptions to get a boost in subscription sales. Meanwhile the February production of *Beauty and the Beast* is tracking ahead of goal.

Development Report:

Christy Rowing gave the Development Report.

There are a lot of successes to report. Ms. Rowing credited the development team for many recent successes. Ms. Rowing is thrilled to report PBT received \$275K from the state for marketing to attract tourism dollars. A gift from Allegheny Regional came in higher than expected as well. PBT is a little behind on individual giving but not by much. PBT closed out Giving Tuesday and the first public Live Music Appeal.

PBT launched text-to-give for the Live Music Appeal through ClickBid at the October performances of *Giselle*. Gifts came in right under \$10K for the run of the performances. PBT did better than a few other local organizations that have been using this method but there is room for improvement for future asks at the theater.

A foundation recently gave a \$250K gift for the Live Music Appeal. The gift will be spread over the course of three years. This gift came in from the positive press PBT received with the announcement of the appeal. PBT is currently over halfway to the \$7.3MM Live Music Appeal goal and will hit the one year target mark easily.

Spotlight: Community Youth Scholarship Program:

Kathryn Gigler spotlighted PBT's Community Youth Scholarship Program.

Over \$135K was raised for the program at this year's Pointe in Time gala. When the program reaches steady state in 2026, it is expected to take \$220K to run. \$150K will provide sixty tuitions for ISP. The scholarship funds are needed for things like PBT's Intensive Summer Program (ISP). The costs will increase expectationately as the program continues. Currently, the program is in its 7th year. PBT has awarded fifty-eight scholarships total. There are currently twenty-seven students enrolled in the program ranging from Pre-Ballet 5 in the Children's Division to Level 5 in the Student Division. Six students are en pointe this year and thirteen students are performing in *The Nutcracker*. Sixteen current students discovered PBT via education and engagement programs including Boys and Girls Clubs, Creative Movement and Hope Academy. A few students in PBT's program were accepted into CAPA.

Kathleen Miclot thanked Dawn Fleischner and Margie Grundvig who came up with the idea of bringing students out on stage at the gala, while the auctioneer explained what the scholarship money funds.

AD Search Update:

Mary McKinney Flaherty and Dawn Fleischner provided an update on the Artistic Director search.

The search has been in a quiet phase since the position profile was posted by MCA (search firm) on Sept. 30, 2019. Since then, David Mallette and Jason Palmquist with MCA have been receiving applications and making phone calls to contacts. The "working group" will meet with David and Jason the first week of January where MCA will provide a slate of candidates. From that list, seven to eight candidates will be selected and interviewed confidentially. Ms. McKinney Flaherty and Ms. Fleischner received a preliminary report and there are over a dozen candidate that David and Jason will present to the working group. All candidates are rooted in classical ballet and are diverse in terms of background, race, gender and their artistic approaches. From the seven to eight candidates interviewed, the working group will select three that will be publicly interviewed at PBT and to meet at PBT over the course of a few days.

In the meantime, Bill Byham and DDI will provide interview training to the working group.

MCA has not announced a final closing date on the application.

Executive Director Report:

Harris Ferris gave the Executive Director Report.

Harris Ferris briefly discussed the April 4, 2020 gala that is chaired by Greta and Art Rooney. The Rooneys are leading the charge with a table sponsorship gift already pledged.

Mr. Ferris discussed touring on the horizon for PBT. The Company will head to The Joyce Theater from April 28 - May 3, 2020. PBT is working on touring *Beauty and the Beast* in 2021.

Internally, PBT continues to work with Compass Solutions to increase HR support at PBT. The employee engagement survey that tests employee satisfaction will be distributed again. Internal work is critically important to PBT's strategic plan.

Mr. Ferris currently serves on the Board of three organizations. Recently a topic has come up on all three - the role of collective impact. Mr. Ferris discussed how governance in the nonprofit sector intersects with the corporate sector to solve big problems, such as equity in Pittsburgh, systemic racism in Pittsburgh and economic and workforce development in Pittsburgh. Collective impact requires organizations to work together with a common agenda. Foundations are now asking nonprofit organizations what they are doing in terms of collective impact. PBT has been aware of collaboration in regards to strategic thinking and planning. Mr. Ferris

encouraged the Trustees to review PBT's strategic plan that references collaboration and PBT's mission to inspire.

Mr. Ferris discussed a recent grant PBT received. \$275K came in for marketing to promote and attract tourism. Mr. Ferris thanked Senator Bartolotta and Debra and Frank Dermody for their work in helping PBT secure that grant. The purpose of the grant is to promote tourism as an economic driver. In 2018, 17% of PBT's audience came from out-of-market, which positively impacts economic growth and cultural tourism in the city. Mr. Ferris underscore PBT's commitment to delivering results on that grant.

In regards to workforce development, Aaron Rinsema moved forward with a collaboration between PBT and CCAC. The collaboration is an exchange wherein students can get dance credit and PBT students and company members can receive college credits.

Mr. Ferris discussed the \$3.5MM Sunset Grant which PBT is seeking to secure from the McCune Foundation. PBT received a readiness grant from the McCune Foundation to help PBT prepare for the Sunset Grant. In terms of the Sunset Grant, McCune is looking for PBT to run cash surplus', increase HR functions and came up with entrepreneurial ideas to use the funds for that have a return on investment. Vetting those ideas will be a process on the Board's side.

Mary McKinney Flaherty stated she and Winthrop Watson are scheduled to meet this Friday to re-engage the Strategic Planning Committee and further follow-up with Board and Board Committee assignments for the strategic plan. This meeting will likely be held in January.

Adjournment:

There being no further business, the meeting adjourned at 1:30 p.m.

Submitted By, Harris Ferris

Approved By, Betsy Teti